Fprop plc

First Property Group plc

Interim Report
30 September 2010





Property Fund Management

Contents

Highlights

for the six months to 30 September 2010

Financial Highlights:

	Unaudited Six months to 30 September 2010	Unaudited Six months to 30 September 2009	Percentage change from 30 September 2009	Audited Year to 31 March 2010
Profit on ordinary activities before tax	**£1.32m**	£1.56m	(15.4)%	£2.79m
Assets under management (AUM)	**£315m**	£296m	+6.4%	£300m
Net assets	**£15.50m**	£14.24m	+8.8%	£15.40m
Cash and cash equivalents	**£10.18m**	£9.46m	+7.6%	£10.13m
Diluted earnings per share	**0.98p**	1.06p	(7.5)%	1.97p
Interim dividend per share	**0.32p**	0.31p	+3.2%	0.31p

Operating profit by segment:				
Operating profit from property fund management (“FPAM”)	**£1.47m**	£1.56m	(5.7)%	£2.76m
Operating profit from group properties	**£0.54m**	£0.52m	+3.8%	£1.21m
Operating profit from property facilities management (“FPS”)	**£(0.09)m**	£0.10m	(190)%	£0.18m
Unallocated central overheads	**£(0.51)m**	£(0.54)m	(5.6)%	£(1.17)m

Highlights (cont)

for the six months to 30 September 2010

Operational Highlights:

- Continued strategic emphasis to grow fund management division:
    - The new £106 million UK commercial property fund has now acquired £54 million of UK assets and a further £23.5million of property is under offer.
    - Launch of pan European opportunity fund, Fprop Opportunities plc (FOP), intending to raise £100 million of equity. FOP has been capitalised with £7million of Group cash and augmented by £2 million from staff, family and friends; representing a significant investment by people who know the Group well.
- At the period end the Group had £315 million in assets under management (AUM), of which £59 million or 19% is property located in the UK, with the remainder in CEE.
- AUM in the UK is expected to rise to in excess of £100 million over the next 12 months as the UK fund is invested.
- FOP has made its first investment, the purchase of a Carrefour hypermarket in Lodz, Poland for some Eur 20 million.
- Blue Tower, an office block in Warsaw's Central Business District ("CBD"), in which the Group has a 28% interest has recently been valued by Jones Lang LaSalle at $18.1 million against the $12.89 million paid to acquire it. This gain is not reflected in these accounts.

Commenting on the results, Ben Habib, Chief Executive of First Property, said,

"I am pleased by the excellent performance of the group and its funds under management in difficult economic times.

"In line with our stated strategy we have taken the significant decision to invest £7 million, a substantial portion of our cash, in our new opportunity fund, Fprop Opportunities plc or FOP. We expect the returns which we will earn from this fund to increase the earnings of the Group. FOP is intended to attract third party investors which would increase our assets under management and consequently asset management fees."

Chief Executive's Statement

Financial Results

I am pleased to report interim results for the six months to 30 September 2010.

Revenue during the period amounted to £5,029,000 (2009: £4,798,000), yielding a decreased profit on ordinary activities before taxation of £1,323,000 (2009: £1,555,000). This reduction in profit is partly attributable to a weakening of the Euro against Sterling during the period and losses incurred by First Property Services Ltd, in which we have an interest of 60%. Greater detail on these is provided below.

Diluted earnings per ordinary share were 0.98 pence (2009: 1.06 pence).

The Group ended the period with net assets of £15.5 million (2009: £14.2 million) including cash balances of £10.2m (2009: £9.5m).

Dividend

On the basis of these results, our strong balance sheet, and the outlook for the future, the Board has recommended an increased interim dividend of 0.32 pence per share (2009: 0.31 pence per share) which will be paid on 30 December 2010 to shareholders on the register at 10 December 2010.

Review of operations

Property fund management ("First Property Asset Management Limited" or "FPAM")

Revenue earned by this division amounted to £1,930,000 (2009: £1,949,000), generating an operating profit of £1,474,000 (2009: £1,555,000). This represents 76% of Group operating profit (2009: 75%) prior to the deduction of unallocated central (PLC) costs.

At 30 September assets under management (AUM) within the fund management division stood at £315 million (2009: £296 million). Of these £244 million (77%) were located in Poland (2009: £268 million or 91%); £59 million (19%) were located in the UK (2009: £15 million or 5%); and £12 million (4%) in Romania (2009: £13 million or 4%).

The reduction in assets under management in Poland is largely due to a weakening of the Euro, the currency in which these assets are valued, from Eur 1.09/£ at 30 September 2009 to Eur 1.15/£ at 30 September 2010. Indeed for much of the six months under review, the Eur/£ exchange rate stood at Eur 1.2/£, reducing the value of these assets in Sterling terms and our asset management fees. No property purchases or sales were made by our funds in Poland during the period.

As reported at the final results in June, the Company has retained its ranking as the best performing fund manager versus the IPD Benchmark for Central & Eastern Europe, and is also the top performing fund manager versus the IPD Benchmark for Poland, for the four years to 31 December 2009.

The growth in assets under management in the UK was as a result of the commencement of investment on behalf of a new seven year life £106 million UK fund which we were mandated to manage in February of this year. At 30 September the fund had completed the purchase of some £45 million worth of properties. This fund now owns £54 million of UK property assets. This represents just over 50% of its available equity to invest. In addition we currently have a further £23.5 million of property under offer which, if completed, would take the fund up to

Chief Executive's Statement (cont)

£77 million invested at an overall blended net initial yield of 7.47%.

On 5 October we announced the establishment of a new opportunity fund, Fprop Opportunities plc ("FOP") to invest in commercial property in Europe with an initial focus on Poland. The Group, which is currently the sole shareholder in FOP, has invested £7 million in it which has been augmented by some £2 million from staff, family and friends. We have now begun marketing the fund to third party investors. It is our intention to raise £100 million of equity in FOP over a period of time.

FOP has thus far completed one acquisition, being a Carrefour hypermarket in Lodz, Poland, at a price of some Eur 20 million. This first investment is earning a pre-tax rate of return on equity of some 30% per annum.

Until the Group's holding in FOP reduces to below 50%, the results of FOP will be consolidated in the Group's results. Given that FOP is a geared fund this will increase the apparent level of gearing in the Group. All loans taken by FOP will be ring fenced in separate special purpose subsidiary vehicles and will be non-recourse to the Group.

Group Properties

Revenue from this activity was £1,935,000 (2009: £884,000), producing an operating profit of £538,000 (2009: £517,000). This represents 28% of Group operating profit prior to the deduction of unallocated central (PLC) costs (2009: 19%). The explanation for the more than doubling of revenue within this division without a commensurate increase in profitability is explained in the paragraph below on Blue Tower.

We hold two properties directly within this division, both of which are held at cost (it is our policy to hold these at the lower of cost or valuation for accounting purposes). They generated an aggregate net rental income during the period of £711,000 (2009: £801,000), after the deduction of all non-recoverable costs.

Both assets are located in Warsaw and were purchased as special situations with the aim of utilising FPAM's asset management expertise to unlock capital value, whilst providing a high running rate of return in the intervening period.

The larger of the two property assets held, Blue Tower (in the Central Business District of Warsaw) has thus far proven to be an excellent investment. We acquired it at a total cost of $12.89 million in December 2008. Since acquiring it we have increased rents, prolonged leases and dramatically reduced costs. At the time of our acquisition the property was generating a net rental income of $1.086m per annum. It is now generating a net rental income of $1.477m per annum which, after the deduction of interest payable, represents a pre-tax rate of return on equity invested of some 48% per annum. Of this net rental income, $224,000 per annum is income that will be earned following the restructuring of the management company which manages the building and in which we acquired a controlling interest of 68% in December 2009. These earnings have not been apparent in the period under review because of costs associated with creating these savings (mainly redundancy payments).

Jones Lang LaSalle valued the Blue Tower property at $18.1 million in October, representing a gain of $5.2 million on our investment. We hold properties in the balance sheet at the lower of cost or value and so this gain is not reflected in the results of the Group.

In addition to the two directly held properties, at the period end the Group also owned shares in three of FPAM's funds, Fund 5, Fund 6, and Fund 8 (UK Property Pension Portfolio LP). In accordance with IFRS, earnings from two (Funds 5 & 6) of these three shareholdings are reported at Group level as "share of results in associates". These two shareholdings yielded post tax profits in the period of £114,000 (2009: £120,000). We hold these shares at cost plus their share of accumulated profits less dividends received. At the period end the carried value of the Group's interest in these two funds was £674,000 (2009: £551,000). The value of our share in Fund 8 was some £423,000.

As mentioned above, we have now also invested £7 million in FOP. We expect to earn significantly higher rates of return on this investment than the cash was earning on deposit. We expect this investment to quickly make a meaningful contribution to Group profitability.

First Property Services Ltd ("FPS")

FPS is a Mechanical & Electrical (M&E) maintenance contractor. Revenue earned by this subsidiary, in which we own a 60% share, was £1,136,000 (2009: £1,915,000), resulting in a pre tax loss of £93,000 (2009: Profit £104,000).

FPS is naturally exposed to the state of the UK economy and we anticipated a reduction in profitability, as signaled at our final results in June. However, the management team of FPS is close to securing a number of new contracts, which are not contractually recurring, and expects the second half of the year to show a small profit, which should result in FPS breaking even for the year as a whole.

Revenue from ongoing maintenance contracts has been steady at some £0.5 million per annum.

The carried book cost of this investment is £172,000 (2009: £197,000), which is calculated by reference to the Group's share of net assets. Given that the Group's interest in FPS is greater than 50% its figures are consolidated into the results of the Group.

Commercial property markets outlook

Poland:
Recognition amongst the financial community that Poland was the only economy in the 27 member European Union (EU) to have escaped recession in 2009 is becoming more widespread. Its GDP is forecast to grow by 3.4% in 2010 (source: European Union), the highest forecast rate of growth within the EU, and economic commentators have predicted GDP growth may top 4% in 2011. As a result of this good economic back drop, occupancy levels in our properties held in Poland have remained high, with very few vacancies. Similarly rental levels have been broadly sustained. In addition, the Polish Zloty has staged a sustained come back from its lows against the Euro in the first half of 2009, which is a benefit for tenants, who generally pay rents in Euros. We expect interest rates in Poland to increase over the next twelve months and this should result in a further strengthening of the Zloty and consequently the value of the properties we own and manage in Poland.

Given the robustness of its economy, rental growth in the commercial property market looks a greater certainty in Poland than it does in most other EU countries. Yet as pointed out at our final results in June, commercial property asset prices in Poland are some 30% cheaper in yield terms compared to Western Europe. When this higher yield is combined with the lower rents prevalent in Poland, the difference in capital values between Western Europe and Poland makes Poland a compelling investment proposition.

The Polish commercial property investment market is, however, reliant on foreign capital. This has returned to some extent but recent concerns that certain European countries may default in their debt obligations has slowed the flow of capital to Poland. We therefore believe that the recovery in asset values in Poland will not be rapid, allowing us to deploy FOP's capital in what we anticipate will be high yielding properties with the prospect of capital gain over time.

United Kingdom:
The UK commercial property market has recovered significantly since its lows in early 2009 but the rate of increase in values has slowed recently. We do not expect values to markedly reduce but do expect that values will not rise significantly, if at all, over the next twelve to twenty four months. Banks have begun to take more positive action in foreclosing on loans and this too will suppress values. We are, however, benefiting from being able to acquire properties which have been let at relatively low rents in 2009 and 2010, and which should experience rental growth over time.

We remain vigilant for signs of weakness in the UK market but do believe that the worst is now behind us.

Current trading and prospects
I am pleased by the excellent performance of the group and its funds under management in difficult economic times.

Underlying growth in our core business of fund management has continued. Our overall financial results do not reflect this, partly as result of Euro weakness during the period and partly due to a negative contribution from First Property Services.

However, we have taken the significant decision to invest £7 million, a substantial portion of our cash, in our new opportunity fund, FOP. We expect the returns which we will earn from this fund to increase the earnings of the Group. We also expect FOP to attract third party investors which would increase our assets under management and consequently asset management fees.

I look forward to 2011 with much optimism as we continue to invest our new UK fund and FOP.

Ben Habib
Chief Executive

30 November 2010

Condensed Consolidated Income Statement

for the six months to 30 September 2010

	Notes	6 months to 30 Sept 2010 (unaudited) £'000	6 months to 30 Sept 2009 (unaudited) £'000	Year to 31 March 2010 (audited) £'000
Revenue – existing operations	2	**5,029**	4,798	9,520
– business acquisitions		**-**	–	863
		5,029	4,798	10,383
Cost of sales		**(2,214)**	(1,823)	(4,394)
Gross profit		**2,815**	2,975	5,989
Operating expenses		**(1,497)**	(1,450)	(3,249)
Share of results in associates		**114**	120	233
Operating profit	2	**1,432**	1,645	2,973
Dividend income		**7**	0	9
Interest income		**50**	70	138
Interest expense		**(166)**	(160)	(331)
Profit on ordinary activities before taxation		**1,323**	1,555	2,789
Tax expense	3	**(207)**	(332)	(478)
Profit for the half year		**1,116**	1,223	2,311
Attributable to:				
Owners of the parent		**1,145**	1,193	2,243
Non-controlling interest		**(29)**	30	68

	Notes	6 months to 30 Sept 2010 (unaudited)	6 months to 30 Sept 2009 (unaudited)	Year to 31 March 2010 (audited)
Earnings per Ordinary 1p share				
– basic	4	**1.04p**	1.10p	2.07p
– diluted	4	**0.98p**	1.06p	1.97p

Condensed Consolidated Statement of Comprehensive Income

for the six months to 30 September 2010

	Notes	2010 6 months to 30 Sept 2010 unaudited £'000	2009 6 months to 30 Sept 2009 unaudited £'000	2010 Year to 31 March 2010 audited £'000
Profit for the year		**1,116**	1,223	2,311
Other comprehensive income				
Exchange differences on retranslation of foreign subsidiaries		**(273)**	320	681
Total comprehensive income for the year		**843**	1,543	2,992
Profit for the year attributable to:				
Owners of the parent		**1,145**	1,193	2,243
Non-controlling interest		**(29)**	30	68
		1,116	1,223	2,311
Total comprehensive income for the year attributable to:				
Owners of the parent		**872**	1,513	2,918
Non-controlling interest		**(29)**	30	74
		843	1,543	2,992
Earnings per Ordinary 1p share				
- basic	4	**1.04p**	1.10p	2.07p
- diluted	4	**0.98p**	1.06p	1.97p

Condensed Consolidated Balance Sheet

as at 30 September 2010

	Notes	As at 30 Sept 2010 (unaudited) £'000	As at 30 Sept 2009 (unaudited) £'000	As at 31 March 2010 (audited) £'000
Non-current assets				
Goodwill		**138**	25	139
Property, plant and equipment		**94**	110	107
Interest in associates	5	**363**	217	337
Other financial assets		**423**	46	99
Deferred tax assets		**237**	97	142
Total non - current Assets		**1,255**	495	824
Current assets				
Inventories – land and buildings		**10,848**	10,691	11,365
Trade and other receivables	6	**2,107**	1,921	2,902
Cash and cash equivalents		**10,180**	9,458	10,126
Total current assets		**23,135**	22,070	24,393
Current liabilities :				
Trade and other payables	7	**(1,809)**	(1,147)	(2,490)
Financial liabilities	8	**(19)**	(24)	(25)
Current tax liabilities		**(25)**	(211)	(7)
Total current liabilities		**(1,853)**	(1,382)	(2,522)
Net current assets		**21,282**	20,688	21,871
Total assets less current liabilities		**22,537**	21,183	22,695
Non-current liabilities:				
Financial Liabilities	8	**(6,760)**	(6,682)	(7,029)
Deferred tax liabilities		**(72)**	(124)	(12)
Net assets		**15,705**	14,377	15,654
Equity				
Called up share capital		**1,136**	1,116	1,136
Share premium		**5,423**	5,307	5,423
Foreign Exchange Translation Reserve		**577**	489	844
Share-based payment reserve		**120**	92	105
Retained earnings		**8,264**	7,241	7,895
Issued capital and reserves attributable to the owners of the parent		**15,520**	14,245	15,403
Non-controlling interest		**185**	132	251
Total equity		**15,705**	14,377	15,654

Condensed Consolidated Statement of Changes in Equity

for the six months to 30 September 2010

	Share capital £'000	Share premium £'000	Share Based Payment Reserve £'000	Foreign Exchange Translation Reserve £'000	Purchase/ Sale of own Shares £'000	Retained Earnings £'000	Non-controlling Interest £'000	TOTAL
At 1 April 2009	1,116	5,307	80	169	(564)	7,370	126	13,604
Total comprehensive income for the period	–	–	–	320	–	1,193	30	1,543
Share based payments	–	–	12	–	–	–	–	12
Dividends Paid	–	–	–	–	–	(758)	(24)	(782)
At 30 Sept 2009	**1,116**	**5,307**	**92**	**489**	**(564)**	**7,805**	**132**	**14,377**
Issue of new shares	20	116	–	–	–	–	–	136
Total comprehensive income for the period	–	–	–	355	–	1,050	44	1, 449
Treasury Shares	–	–	–	–	(61)	–	–	(61)
Non-controlling interest on acquisition	–	–	–	–	–	–	89	89
Share based payments	–	–	13	–	–	–	–	13
Dividends Paid	–	–	–	–	–	(335)	(14)	(349)
At 1 April 2010	**1,136**	**5,423**	**105**	**844**	**(625)**	**8,520**	**251**	**15,654**
Total comprehensive income for the period	–	–	–	(267)	–	1,145	(35)	843
Share based payments	–	–	15	–	–	–	–	15
Dividends paid	–	–	–	–	–	(776)	(31)	(807)
At 30 Sept 2010	**1,136**	**5,423**	**120**	**577**	**(625)**	**8,889**	**185**	**15,705**

Condensed Consolidated Cash Flow Statement

for the six months to 30 September 2010

	6 months to 30 Sept 2010 (unaudited) £'000	6 months to 30 Sept 2009 (unaudited) £'000	12 months to 31 March 2010 (audited) £'000
Cash flows from operating activities			
Operating profit	**1,432**	1,645	2,973
Adjustments for:			
Depreciation of property, plant & equipment	**30**	24	60
(Profit)/loss on sale of property, plant & equipment	**-**	2	2
(Profit)/loss on sale of investments	**(9)**	–	–
Share based payments	**15**	12	25
Share of results in associates	**(114)**	(120)	(233)
(Increase)/decrease in inventories	**(46)**	–	(13)
(Increase)/decrease in trade and other receivables	**754**	811	229
Increase/(decrease) in trade and other payables	**(559)**	(2,094)	(1,395)
Other non cash adjustments	**(23)**	–	(42)
Cash generated from operations	**1,480**	280	1,606
Income taxes paid	**(224)**	(284)	(790)
Net cash flow from operating activities	**1,256**	(4)	816
Cash flow from investing activities			
Proceeds on disposal of investments	**87**	–	–
Purchase of investments	**(324)**	(4)	(99)
Proceeds on disposal of property, plant & equipment	**-**	14	14
Purchase of property, plant & equipment	**(16)**	(40)	(49)
Cash paid on acquisition of new subsidiary	**-**	–	(260)
Cash and cash equivalents received on acquisition of new subsidiary	**-**	–	368
Dividends received	**46**	7	9
Interest received	**50**	70	138
Net cash flow from investing activities	**(157)**	47	121
Cash flow from financing activities			
Proceeds from issue of shares	**-**	–	136
Interest paid	**(166)**	(160)	(331)
Proceeds from finance lease	**-**	25	25
Repayment of finance lease	**(16)**	(29)	(41)
Sale/(Purchase) of shares held in Treasury	**-**	–	(61)
Dividends paid	**(776)**	(758)	(1,093)
Dividends paid to minority interest	**(31)**	(24)	(38)
Net cash flow from financing activities	**(989)**	(946)	(1,403)
Net increase/(decrease) in cash and cash equivalents	**110**	(903)	(466)
Cash and cash equivalents at the beginning of period	**10,126**	10,096	10,096
Currency translation gains/losses on cash and cash equivalents	**(56)**	265	496
Cash and cash equivalents at the end of the period	**10,180**	9,458	10,126

Selected Explanatory Notes to the Consolidated Results

for the six months ended 30 September 2010

1. Basis of preparation

- These interim condensed consolidated financial statements for the six months ended 30 September 2010 have not been audited or reviewed and do not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. They have been prepared in accordance with the Group's accounting policies as set out in the Group's latest annual financial statements for the year ended 31 March 2010 and are in compliance with IAS 34 "Interim Financial Reporting". These accounting policies are drawn up in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and as adopted by the European Union (EU).
- The comparative figures for the financial year ended 31 March 2010 are not the statutory accounts for the financial year but are abridged from those accounts prepared under IFRS which have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified, did not include references to any matter to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.
- These interim financial statements were approved by the Board of Directors on 29 November 2010.

2. Segmental Analysis

Segment Reporting 6 months to 30 September 2010

	Property fund management £'000	Group properties £'000	Property facilities management ("FPS") £'000	Other fees & income £'000	Unallocated central overheads £'000	TOTAL £'000
External revenue						
– existing operations	1,930	1,935	1,136	28	–	5,029
– business acquisitions	–	–	–	–	–	–
	1,930	1,935	1,136	28	–	5,029
Deprecation and amortisation	(10)	(1)	(19)	–	–	(30)
Operating profit						
– existing operations	1,474	424	(93)	27	(514)	1,318
– business acquisitions	–	–	–	–	–	–
– share of results in associates	–	114	–	–	–	114
	1,474	**538**	**(93)**	**27**	**(514)**	**1,432**
Analysed as:						
Before performance fees and related items:	1,474	538	(93)	27	(514)	1,432
Performance fees	–	–	–	–	–	–
Staff bonus	–	–	–	–	–	–
Hedging cost	–	–	–	–	–	–

Selected Explanatory Notes to the Consolidated Results (cont)

for the six months ended 30 September 2010

Segment Reporting 6 months to 30 September 2009

	Property fund management £'000	Group properties £'000	Property facilities management ("FPS") £'000	Other fees & income £'000	Unallocated central overheads £'000	TOTAL £'000
External revenue						
– existing operations	1,949	884	1,915	50	–	4,798
– business acquisitions	–	–	–	–	–	–
	1,949	884	1,915	50	–	4,798
Deprecation and amortisation	(5)	–	(17)	–	(2)	(24)
Operating profit						
– existing operations	1,555	397	104	9	(540)	1,525
– business acquisitions	–	–	–	–	–	–
– share of results in associates	–	120	–	–	–	120
	1,555	**517**	**104**	**9**	**(540)**	**1,645**
Analysed as:						
Before performance fees and related items:	1,555	517	104	9	(540)	1,645
Performance fees	–	–	–	–	–	–
Staff bonus	–	–	–	–	–	–
Hedging cost	–	–	–	–	–	–

Segment Reporting 12 months to 31 March 2010

	Property fund management £'000	Group properties £'000	Property facilities management ("FPS") £'000	Other fees & income £'000	Unallocated central overheads £'000	TOTAL £'000
External revenue						
– existing operations	3,888	1,710	3,863	59	–	9,520
– business acquisitions	–	863	–	–	–	863
	3,888	2,573	3,863	59	–	10,383
Deprecation and amortisation	(14)	(3)	(34)	(2)	–	(53)
Operating profit						
– existing operations	2,755	923	183	–	(1,173)	2,688
– business acquisitions	–	52	–	–	–	52
– share of results in associates	–	233	–	–	–	233
	2,755	**1,208**	**183**	**-**	**(1,173)**	**2,973**
Analysed as:						
Before performance fees and related items:	2,821	1,227	183	–	(827)	3,404
Performance fees	–	–	–	–	–	–
Staff bonus	(66)	(19)	–	–	(346)	(431)

Revenue consists of revenue arising in the United Kingdom 29% (2009: 57%) and Central and Eastern Europe 71% (2009: 43%) and all relates solely to the Group's principal activities.

Interest income and interest expense are not allocated to a separate segment because all cash is managed centrally. Head office costs and overheads that are common to all segments are shown separately under unallocated central costs. Assets, liabilities and costs that relate to Group central activities have not been allocated to business segments.

3. Tax expense

The tax charge is based on a combination of actual current tax charged and an effective rate that is expected to apply to the profits for the full year.

Selected Explanatory Notes to the Consolidated Results (cont)

for the six months ended 30 September 2010

4. Earnings per ordinary 1p share

The basic earnings per ordinary share is calculated on the profit on ordinary activities after taxation and after minority interest on the weighted average number of ordinary shares in issue, during the period.

Figures in the table below have been used in the calculations.

	6 months ended 30 Sept 2010	6 months ended 30 Sept 2009	12 months ended 31 March 2010
Basic	**1.04p**	1.10p	2.07p
Diluted	**0.98p**	1.06p	1.97p

	Number	**Number**	**Number**
Weighted average number of ordinary shares in issue	**109,770,727**	108,170,527	108,144,226
Share options	**7,650,000**	4,450,000	5,950,000
Total	**117,420,527**	112,620,527	114,094,226

	£'000	**£'000**	**£'000**
Basic earnings	**1,145**	1,193	2,243
Diluted earnings assuming full dilution at closing share price	**1,153**	1,197	2,255

5. Interest in associates and other financial assets

	Six months ended 30 Sept 2010 £'000	Six months ended 30 Sept 2009 £'000	12 months ended 31 March 2010 £'000
a) Associated undertakings			
Cost of investment at beginning of period	**337**	104	104
Share of accumulated post tax profit	**114**	113	233
Dividends received	**(39)**	–	–
Disposals	**(72)**	–	–
Release of share of profit in associate withheld	**23**	–	–
Cost of investment at end of period	**363**	217	337
b) Other financial assets and investments			
Cost of investment at beginning of period	**99**	42	42
Additions	**324**	4	99
Transfer to Group undertaking	**-**	–	(42)
Impairment charge	**-**	–	–
Cost of investment at end of period	**423**	46	99

	Six months ended 30 Sept 2010 £'000	Six months ended 30 Sept 2009 £'000	12 months ended 31 March 2010 £'000
Investments in Associated undertakings			
5th Property Trading Ltd	**459**	349	424
Regional Property Trading Ltd	**215**	202	247
	674	551	671
Less: share of profit withheld after tax on sale of property to associate in 2007	**(311)**	(334)	(334)
	363	217	337

Selected Explanatory Notes to the Consolidated Results (cont)

for the six months ended 30 September 2010

6. Trade and other receivables

	Six months ended 30 Sept 2010 £'000	Six months ended 30 Sept 2009 £'000	12 months ended 31 March 2010 £'000
Trade receivables	**1,068**	856	986
Amounts due from undertakings in which the company has a participation interest	**-**	230	15
Other receivables	**228**	536	769
Prepayments and accrued income	**811**	299	1,132
	2,107	1,921	2,902

7. Trade and other payables

	Six months ended 30 Sept 2010 £'000	Six months ended 30 Sept 2009 £'000	12 months ended 31 March 2010 £'000
Trade payables	**622**	439	1,258
Other taxation and social security	**262**	172	387
Other payables and accruals	**875**	472	785
Deferred income	**50**	64	60
	1,809	1,147	2,490

8. Financial liabilities

	Six months ended 30 Sept 2010 £'000	Six months ended 30 Sept 2009 £'000	12 months ended 31 March 2010 £'000
a) Current liabilities			
Finance leases	**19**	24	25
	19	24	25
b) Non-current liabilities			
Finance leases	**26**	49	36
Foreign bank loan	**6,734**	6,633	6,993
	6,760	6,682	7,029

The foreign bank loan of £6,734,000 (2009: £6,633,000) included under non-current financial liabilities is secured against property owned by the Group, is non-recourse, and is denominated in U.S. Dollars. Capital repayments commence in November 2013 at the rate of U.S.D. 17,675 per month until the balance of the loan is repayable in full in November 2015.

9. The interim results are being circulated to all shareholders and can be downloaded from the company's web site (www.fprop.com). Further copies can be obtained from the registered office at 35 Old Queen Street, London SW1H, 9JA.

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